

272A.6-050 Charging order.

- (1) This section provides the exclusive remedy by which the judgment creditor of a member or the assignee of a member may satisfy a judgment out of the judgment debtor's limited financial rights in a limited cooperative association.
- (2) On application to a court of competent jurisdiction by a judgment creditor of a member or a member's assignee, a court may charge the judgment debtor's financial rights in the association with payment of the unsatisfied amount of the judgment. To the extent so charged, the judgment creditor has only the rights of a transferee and shall have no right to participate in the management or to cause the dissolution of the association. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the financial rights and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require to give effect to the charging order.
- (3) A charging order constitutes a lien on and the right to receive distributions made with respect to the judgment debtor's financial rights. A charging order does not of itself constitute an assignment of the financial rights.
- (4) The court may order a foreclosure upon the financial rights subject to the charging order at any time. The purchaser of the financial rights at the foreclosure sale has the rights of a transferee. At any time before foreclosure, the charged financial rights may be redeemed:
 - (a) By the judgment debtor;
 - (b) With property other than property of the association, by one (1) or more of the other members; and
 - (c) With association property, by the association with the consent of all members whose financial rights are not so charged.
- (5) This section does not deprive a member or a member's assignee of the benefit of any exemption laws applicable to the member's or assignee's financial rights.
- (6) The association is not a necessary part to an application for a charging order. Service of the charging order on an association may be made by the court granting the charging order or as the court should otherwise direct.

Effective: July 12, 2012

History: Created 2012 Ky. Acts ch. 160, sec. 49, effective July 12, 2012.